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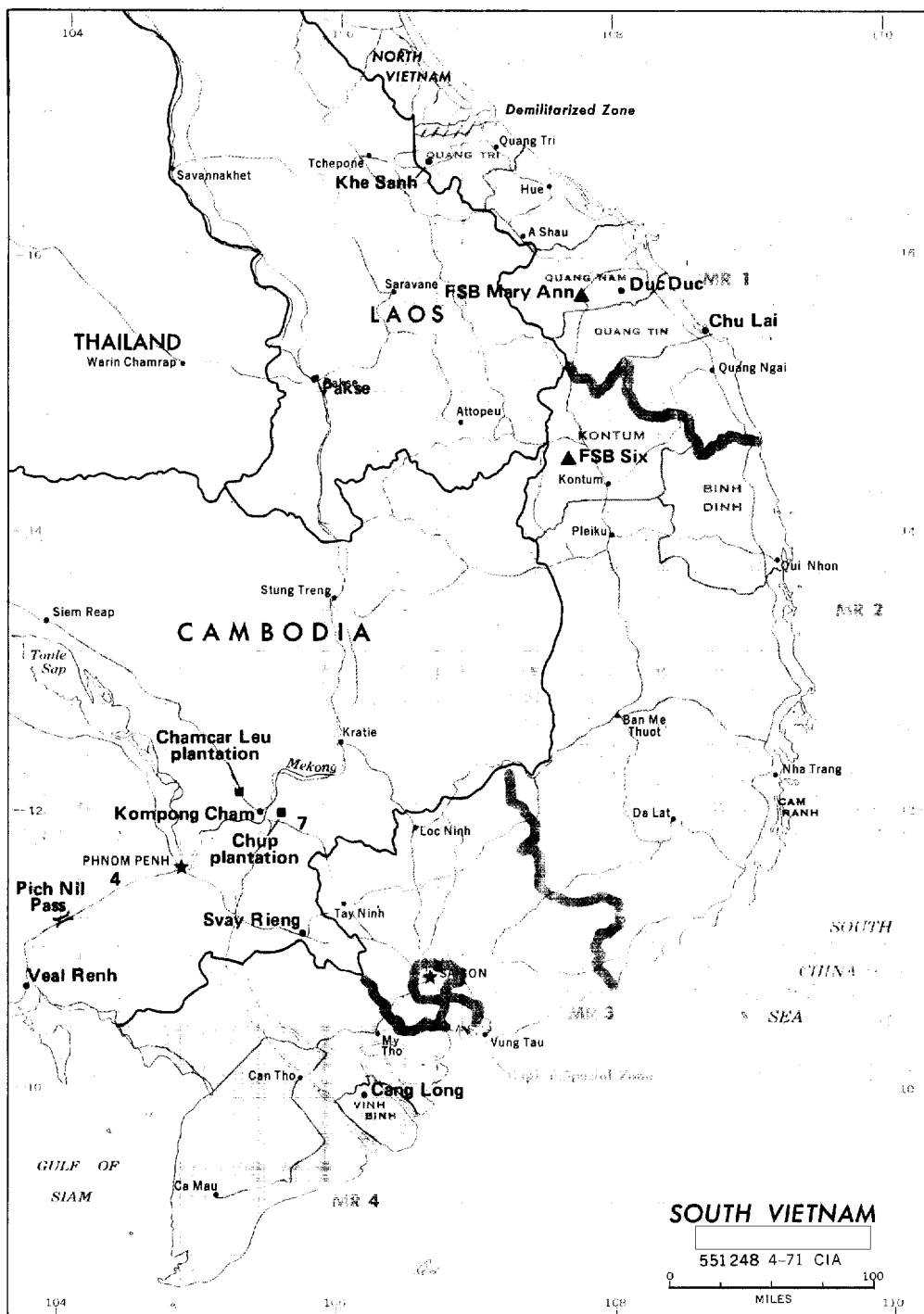
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FAR EAST

Indochina: *Aftermath to the Laotian Experience*

Political fallout from the Laotian operation is adding to the ferment of an election year in South Vietnam. Public criticism of the operation has been muted, but opponents of the government claim that President Thieu's position has been weakened. Big Minh and his entourage believe that popular reaction to events in Laos will work to their advantage, and they are now more hopeful of being able to win the presidential election next fall.

Some usually outspoken opposition members privately describe Lam Son 719 as a failure. Even a relatively moderate opposition leader thinks that, whatever the facts, the South Vietnamese people believe the operation failed and blame Thieu. The same politician believes that, at least in psychological terms, the Communists have come out on top and he fears that this will encourage a resurgence of Viet Cong terrorist activity, even in Saigon.

On the other hand, many independent and progovernment politicians have publicly praised the operation, and many private assessments acknowledge that it will have a salutary effect on the military situation in South Vietnam this year.

President Thieu is well aware that adverse publicity over the Laotian operation could damage his campaign for re-election. To counter this and to encourage his own troops, Thieu, in a press conference in Quang Tri Province this week, asserted that Lam Son 719 had not been defeated and announced that the operation was continuing.

The Situation in Quang Tri

The North Vietnamese are continuing to react strongly to the presence of sizable allied forces in western and northern Quang Tri Province, and attacks in strength could occur. A series of shellings and ambushes during the week were more harassing than damaging, however, and few casualties were inflicted.

The whereabouts of most of the 11 enemy infantry regiments that were involved in defending eastern Laos is unclear. Some of these units could be closing on Khe Sanh for a final attempt to inflict a major setback on allied forces as they withdraw and are more vulnerable to a large-scale assault.

Communists' Spring Offensive

Even as they kept up the pressure in the north last weekend, the Communists swung into their annual country-wide spring campaign with a series of shellings and ground attacks, and the offensive gathered momentum. Some 41 shellings were reported throughout South Vietnam on the night of 29-30 March—the highest nightly total in seven months.

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Communist forces under the Front 4 command authority in Quang Nam and Quang Tin provinces began their campaign on schedule early on 29 March. Enemy artillery units shelled Da Nang and Chu Lai and a strong shelling and follow-up ground attack was mounted against Fire Support Base Mary Ann, where Americans suffered more than 100 casualties. An attack by at least three enemy battalions on the district town of Duc Duc resulted in 66 South Vietnamese soldiers killed and wounded, 196 civilian casualties, and 1,500 houses destroyed, at a cost of 59 Communists killed.

A strong enemy attack forced the evacuation of Fire Support Base 6 in the western highlands province of Kontum on 31 March. Two battalions of the North Vietnamese 28th Regiment, under cover of heavy mortar and recoilless rifle fire, overran the position; incomplete reports list six killed and 33 missing, with some 80 of the attackers reported killed.

Along the central coast, the new surge of enemy action got under way late on 28 March; 13 shellings and eight ground attacks killed some 22 persons and wounded 43 on the first night. For some time there has been a trend growing to allow local commanders to begin action when local conditions are best, rather than to stay with inflexible tactics of past campaigns.

In South Vietnam's Military Region (MR) 3 Communist military action actually began to pick up a week earlier, on 21 March. Although none of the attacks was particularly hard hitting, 23 South Vietnamese were killed and another 76 wounded during the week ending 28 March. Most

of the activity has been in the northwestern part of MR-3 and probably represents the sapper campaign that was planned for the last half of March as reported by agents and prisoners.

Viet Cong forces have struck hard at several targets in the Mekong Delta provinces. Cang Long district town in Vinh Binh Province was particularly hard hit on 28 March. Following a 200-round mortar and grenade bombardment, an enemy force attacked, killing 45 and wounding 54, with a loss of only six of its own. Enemy forces in the delta have generally been lying low for most of the year, employing tactics designed to conserve their personnel strength and supplies.

After an unusually quiet winter fighting season, the Communists apparently hope to stage a more impressive round of attacks this spring. They probably want to demonstrate that they can still initiate combat within South Vietnam even though some of their supply lines are disrupted and most of their main force combat units are tied up in Cambodia and Laos.

Current VC Marching Order

The Communists' Central Office for South Vietnam (COSVN) recently issued a directive that covers the likely pattern of enemy activity in the next few months.

the directive lists some grandiose, and rather unconvincing, objectives that the Communists "must" accomplish in South Vietnam by June 1971, and it indicates that stopping South Vietnamese Army offensives into Cambodia and Laos is Hanoi's top priority this dry season. For the most part, however, it realistically

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concentrates on measures to thwart the South Vietnamese Government's pacification program.

The directive says that during the next five months the main emphasis in South Vietnam will be on commando tactics and terrorism. Enemy commanders are cautioned not to make plans beyond the capabilities of their units and to select targets for attacks that will demoralize the government's military forces without alienating the population from the Communists. In addition, the directive orders the Viet Cong to work harder at penetrating government administrative organizations and non-Communist political parties and to concentrate on recruiting new followers from these two groups.

This general order is similar to other reports on enemy intentions that have come to light recently in widely separated parts of South Vietnam. It reaffirms to local units that for the time being they are unlikely to get much beyond brave words from higher echelons.

President Thieu Operates on Several Fronts

At the same time as he is concerned with the Laotian operation and its aftermath, Thieu is looking ahead to the fall elections. He may be considering Prime Minister Khiem as his running mate in the presidential election.

If Thieu chooses Khiem as a running mate, he would, of course, increase the chance that Vice President Ky will run for the presidency and draw support away from Thieu. Ky could become an important factor in the equation because Thieu's election is by no means a sure thing; any diversion of votes from Thieu would be of great help to Big Minh. Some South Vietnamese political observers

still believe that Thieu eventually will opt to keep Ky, despite friction between them, in order to keep the support of Ky's remaining followers, especially the military.

Khiem has some stature in his own right, particularly in military and government circles, but he is unlikely to broaden the base of support for Thieu's ticket as much as a number of other possible vice-presidential candidates. An offer from Thieu, therefore, would probably reflect the President's desire to have a vice president whom he can regard as a helpmate rather than a major nuisance, as he regards Ky.

Laos—The Beat Goes On

The level of fighting remained high throughout much of the country during the week, with particular attention focused on government efforts to push back Communist units around Luang Prabang. On 26 March, the Communists took the high ground east of the royal capital, causing the government temporarily to close the airport because of its vulnerability to enemy fire.

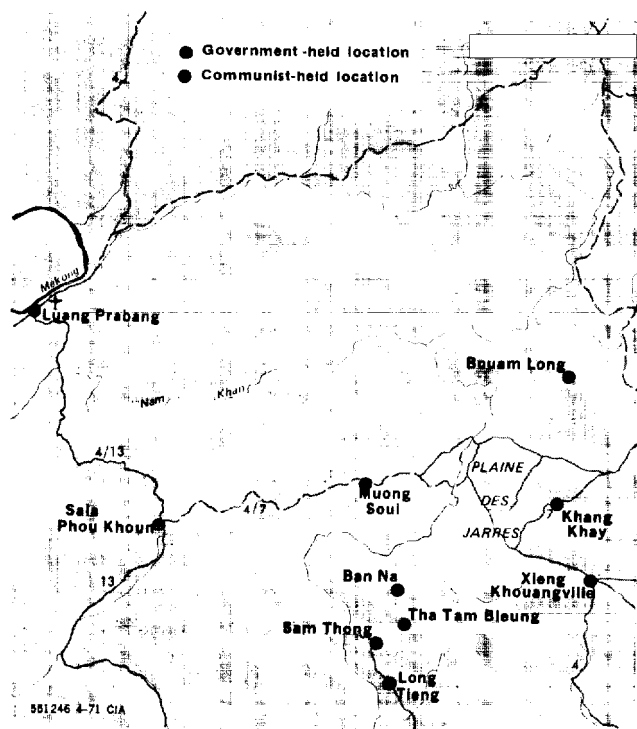
Some additional government units have arrived to shore up the royal capital's defenses. Government forces have launched a two-pronged operation northeast of Luang Prabang designed to expand the defensive perimeter, but this effort has made only limited progress so far. Irregular troops are spearheading the effort to drive back the Communists, while regular army units in the main are performing security chores behind the irregular line and conducting defensive operations in the town itself and around the airfield.

The Communists have made some statements tending to clarify their motives for this attempt to expand their control around Luang Prabang. On 30 March, the North Vietnamese bitterly attacked the Souvanna government, but

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took time out to voice their continued respect for King Savang, suggesting that they may have only limited military objectives around the royal capital. Pathet Lao representative Soth Pethrasy last week said that the attacks were intended to enforce the neutrality of the Laotian capital and were a "warning to the Americans and Laotian rightists not to use the airfield as a military base." The government has a small force of T-28s and AC-47 gunships at Luang Prabang.

The King, however, reportedly is concerned that the North Vietnamese intend a siege of the city, but such a step would be a departure from the Communists' policy of refraining from action against major population centers. The King is said to be "totally committed" to remaining in Luang Prabang and is continuing to take an active role in planning its defenses.

Long Tieng Still Under Pressure

Action around Long Tieng continued to be heavy, but it appears the Communists remain

content for the moment to keep up the pressure by shelling attacks and probes rather than by a major ground assault against key government positions. There are some indications that the area northeast of Long Tieng, particularly around Tha Tam Bleung, may be the next to be tested; Communist units appear to be concentrating heavily in this vicinity, and their fire has closed the airstrip at Tha Tam Bleung. The government has launched a four-battalion sweep operation north and west of Ban Na to try to relieve enemy pressure on that key artillery site.

Pathet Lao Ralliers

On 25 March, 31 members of the 25th Pathet Lao Battalion and their commander rallied to the government near Pakse. Since then, at least 69 more from this battalion have rallied, and the government believes that elements from two other nearby battalions are about to do the same. The battalion commander and his deputy have already directed government air strikes on areas claimed to contain North Vietnamese supply and troop concentrations.

The Pathet Lao (PL) said that they rallied because of continuing deep conflicts with their North Vietnamese mentors. They blame the North Vietnamese for the death of the former PL military commander in this region, General Phomma, who apparently died some months ago while being treated by North Vietnamese doctors. Some bad feelings had existed between the North Vietnamese and PL in this area, but this event apparently turned bitterness to outright hostility. The PL claim that the North Vietnamese are trying to execute PL leaders who have proved uncooperative. The ralliers reported that the North Vietnamese are already in hot pursuit of other units they suspect might defect and that open clashes have occurred.

Souvanna and the Communists

Lao Communist leader Souphanouvong has taken a tough tone in his response to Prime

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Minister Souvanna Phouma's message of 1 March urging the Communists to get down to business on Lao peace talks. For all his harsh talk, however, Souphanouvong did not appear to have placed any new pre-conditions in the path of the long-stalled talks. But he did reiterate the Communist demand for a total bombing halt, as well as the withdrawal of all "US, Saigon, [redacted] troops," before any "peaceful solution" could be found. This distinction between a solution and the conditions necessary for peace talks was made by the Communist side last year, presumably in order to let them engage in talks without having to give up any of their key demands.

For his part, Souvanna has released the text of his message to Souphanouvong on 1 March. The contrast between Souvanna's nonpolemical message and the rigid Communist response will undoubtedly reflect well on Souvanna, but is unlikely to do anything to get the talks started.

The Pace Picks up in Cambodia

The Communists appeared to be increasing the tempo of their modest dry season campaign, particularly in the southwest where they carried out a series of effective attacks this week against government positions along Route 4. They also were more active against South Vietnamese forces in eastern Cambodia.

The latest enemy actions along Route 4 began with a prolonged attack on the two poorly organized Cambodian Army (FANK) battalions holding the Pich Nil pass. The Cambodian defenders managed to stand their ground with the aid of heavy air strikes, however, while taking relatively light losses. The Communists destroyed most of a 14-vehicle government munitions convoy in an ambush on Route 4 east of the pass, and gained control over a ten-mile segment of the road. The

government moved quickly to launch a small FANK task force, support by a 105-mm. battery, to reopen the way to Pich Nil. Communist heavy mortar fire and harassing attacks have prevented the task force from making rapid headway.

Farther south on Route 4, the Communists briefly controlled a shorter stretch of the highway when they overran three villages between the seaport at Kompong Som and the town of Veal Renh. Although FANK elements reoccupied the villages the following day without opposition, the Communists have continued harassing attacks in the vicinity of Veal Renh.

It appears that all the attacks were planned and ordered by the Communist Phuoc Long Front, the main headquarters for enemy operations in the southwest. The coordinated nature of these attacks suggests that the Communists, after resupplying and resting, may be settling in for another sustained Route 4 offensive.

Enemy military activity also increased in Kompong Cham Province where the Communists began the week with several heavy mortar attacks against South Vietnamese commando centers in and south of the Chup plantation. The attacks killed 13 South Vietnamese and wounded 44 others. In a clash just east of Chup along Route 7, South Vietnamese units more than evened that score, however, when they reportedly killed 62 Communists—apparently from a regiment of the enemy's 7th Division. In later and sharper fighting south of Chup, the South Vietnamese claimed they killed 225 enemy troops with a strong assist from heavy air strikes.

Elsewhere in Kompong Cham, the multibattalion FANK operation aimed at clearing an area between Route 7 northward to the enemy-held Chamcar Leu rubber plantation continued to

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grind along in low gear, apparently to minimize government losses. FANK troops reported scattered skirmishes with Communist elements, but casualties on both sides were light.

In other military developments, Communist operations in Svay Rieng Province may also be on the rise. The failure of FANK troops to man some of the positions recently vacated by South

Vietnamese troops along Route 1 reportedly has enabled the enemy to interfere with the movement of supplies from villages along that highway to Svay Rieng city. In the only major fighting during the week in that province, however, Khmer Krom troops killed 70 Communists without suffering any losses of their own in a clash in the Parrot's Beak area.

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Communist China: *Recognition Wagon Keeps Rolling*

On Monday, Kuwait became the seventh country to recognize Peking since Canada broke the ice last October. Prior negotiations were brief and apparently not especially complicated. The joint communique stated that Kuwait recognized Peking as the "sole lawful government of China," a formula used in recognition announcements by Canada, Italy, and Chile, and which has now become standard for all states that previously recognized the Nationalist Chinese Government. However, another standard phrase in the "Canadian formula," a statement taking note of Peking's claim to Taiwan, was not included. This development suggests that in the interest of maintaining the momentum on recognition the Chinese Communists are now willing to finesse direct reference to the Taiwan issue, as was the case in 1964, when French recognition of Peking was negotiated.

As a by-product of Kuwaiti recognition of Peking, the Nationalist Government immediately withdrew its ambassador to that state. Taipei had briefly considered authorizing their envoy to remain in place if the Kuwaitis would guarantee that Kuwait would not demand that he leave, but this was apparently the result of misapprehensions created by inept Kuwaiti diplomacy; when

directly queried, the Kuwaiti Foreign Ministry declined to offer the necessary assurances. This was in fact almost a foregone conclusion, since pressure to recognize Peking from parliament was such that the Foreign Ministry was anxious to avoid additional complications.

Taipei had hoped that by allowing its ambassador to remain, Peking would be forced to accept either a joint Communist-Nationalist presence in Kuwait or the onus of demanding—perhaps unsuccessfully—that Kuwait expel the Nationalist envoy. This ploy was attempted unsuccessfully in 1964, at the time of French recognition of Peking. The Nationalists have subsequently avoided "humiliations" of this sort, and their hesitation in the present instance was probably designed to "prove" that flexibility would be unavailing.

Kuwaiti recognition of Peking is certain to increase pressures on the Lebanese Government to follow suit. It may have an effect also on Libya, which, despite its pretensions as a "liberated" Arab state, continues to recognize Taipei. The "Kuwaiti formula," if it now becomes standard, should also have a positive effect, from

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Peking's point of view, in Europe. Austria, which is about to begin negotiations with Communist China, will clearly find the new formula more palatable than the "Canadian formula." Belgium may also consider it attractive. There is a distinct possibility that other African states, particularly in West Africa, will recognize Peking, although recent US soundings in one prime candidate,

Togo, indicate that no imminent move there is contemplated.

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Persistent rumors suggest that Peru is also considering recognition of Peking, although the US Embassy in Lima sees no sign that a move is under way.

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EUROPE

Czechoslovak Trial Is a Setback for Party Moderates

The conviction last week of former Lt. General Vaclav Prchlik, a prominent official in the Dubcek administration, is a fresh reminder of the influence that party dogmatists can bring to bear on the moderate Husak leadership. This, the first clear-cut "political" trial to be held under the Husak regime, raises some doubts as to Husak's ability to prevent reprisals against ex-reformers. Prchlik was charged with "hampering" important government work in his activities while head of the party's military committee in 1968. Other dissidents have been tried, but for activities conducted since Husak took office in April 1969.

Prchlik was tried in a military court under the control of the defense establishment, which is dominated by the party's dogmatic wing. It has been this group that has consistently opposed Husak on the issue of political trials and has sought more severe treatment of the erstwhile reformers. There is little information available on the circumstances of the *in camera* trial and on why Husak was unable to forestall it; he has been able to stop civil trials in the past. The fact that the Czechoslovak military is one of Moscow's principal channels of control in Prague suggests that perhaps the Soviets were involved.

Prchlik, more than most ex-reformers still in the country, struck at the Soviet and Czecho-

slovak dogmatists' sensitivities by his bold attack on the Warsaw Pact system. It was he who, in July 1968, publicly criticized Moscow's domination of the Warsaw Pact and denounced the right of a member state to station troops on the territory of another without the latter's consent. Dubcek at the time was negotiating with the Soviets to remove their troops which had been "maneuvering" in Czechoslovakia.

Prchlik's conviction reinforces recent rumors in Prague that other associates of Dubcek will be brought to the bar for their 1968 activities. Most of this speculation revolves around other military officers who in varying degrees supported the reforms. Some, like Defense Minister Dzur, remain in high level positions but presumably are not immune from attack. So far, however, the evidence does not support the fears of some in Czechoslovakia of a return to the terror of the 1950s.

Nevertheless, the ability of the dogmatists to initiate such trials will hamper Husak's domestic programs. His policies of moderation and "reconciliation" depend heavily on the party's ability to gain a modicum of popular support, and this will become more difficult in an atmosphere of retribution.

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USSR: *Party Congress Opens in Moscow*

The 24th party congress got under way this week in Moscow and thus far has provided few surprises. General Secretary Brezhnev's wide-ranging policy report, the main business of the first week of the congress, contained no departures from previous policies. His statements on foreign policy were measured and self-confident, designed to portray the USSR as a responsible world power. On domestic affairs, Brezhnev coupled demands for reinforcing the party's leading role in Soviet society with strong promises of improved welfare for the masses. Despite earlier rumors that Stalin would be further rehabilitated at the congress, Brezhnev reaffirmed what has long been the official line on the late dictator.

In discussing foreign policy, Brezhnev alternated between firmness and flexibility but did not indicate that there would be any major departures in the near future. Though sharply critical of US policies, particularly in Indochina, he asserted that "it is possible" to improve US-Soviet relations and he re-endorsed the principle of "peaceful coexistence."

Brezhnev proposed a variety of measures on disarmament, including a conference by the five nuclear powers. While these proposals obviously have a substantial propaganda content, the Kremlin may hope that pressure will build up in the West to find out what Moscow has in mind. On SALT, Brezhnev reiterated Moscow's desire to see the talks produce "positive results," while stressing that they can only be successful if "no one seeks unilateral advantage."

Brezhnev restated that the USSR is seeking better relations with China while he firmly rejected Peking's "anti-Soviet line." He said that the treaties signed by Bonn with the USSR and Poland would stabilize the situation in Europe and repeatedly called upon Bonn to ratify them.

Moscow has probably taken some satisfaction from the representation at the Congress of

most foreign Communist parties—China being the principal absentee—and many other leftist groups. It seems particularly pleased with the presence of North Vietnam's Le Duan, who led off the foreign speakers and was effusive in his praise for Moscow's "tremendous, valuable assistance" to Hanoi.

On the domestic front, Brezhnev voiced a strong commitment to raising the status of the consumer sector during the current five-year plan and beyond. His lengthy explanation for emphasizing consumer welfare, as well as his position that this does not violate the party's "general line" on the priority development of heavy industry, suggest that the subject is still a matter of controversy. He announced that the central committee will shortly draw up a program for increasing the production levels of consumer goods.

On party affairs, Brezhnev expressed approval of a proposal that congresses be held every five rather than every four years so that they can mesh with the five-year plans. He also announced that proposals had been made for issuing new party cards to all members—the first such exchange in 17 years and one which he described as already overdue. His lengthy criticism of the indiscipline, formalism and indifference displayed by some party members suggests that the card exchange may be used to weed out some of those members recruited during the more liberal Khrushchev years.

Brezhnev cited benefits allegedly derived from the 1965 economic reform. He said that "perfecting the mechanism of economic management" was still a major problem for 1971-75 and he advocated the establishment of industrial production associations and the use of computerized management systems.

He handled the Stalin issue with the now standard formulation that the party had overcome the cult of personality, as well as

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subjectivism (read Khrushchevism). Brezhnev's remarks on Soviet intellectuals suggest that the campaign for ideological conformity will continue at about its present level, but that no drastic move against the liberal intellectuals is imminent. He also criticized scientists for their lack of political fervor and their tendency to work on problems unrelated to present-day needs of Soviet society. Brezhnev announced that steps would be taken to strengthen party control in scientific and cultural organizations, in ministries and at all levels of soviets.

All members of the top leadership attended the congress. The seating arrangement and other signs of protocol ranking gave few hints of what,

if any, changes may be in the offing. The senior members of the politburo appeared to be firmly in charge. President Podgorny opened the congress and presided over the first session at which Brezhnev spoke. Suslov chaired the second session and Kirilenko the third. This represents a boost for Kirilenko, a close supporter of Brezhnev; at the last party congress Kosygin chaired the third session.

Following Brezhnev's report, there was a "discussion" during which a succession of lesser party officials and visiting foreign Communist party dignitaries took their turn at the speaker's rostrum. Premier Kosygin will probably deliver his report on the five-year plan early next week.

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EAST GERMANY - WEST BERLIN: No progress was made in the talks on 27 March between West Berlin Senat and East German officials about Easter passes for West Berliners. Their hopes for an Easter agreement were squelched when the East German negotiator rejected an arrangement limited to the Easter holiday and again proposed conclusion of a general agreement—another at-

tempt to enhance Pankow's sovereignty at the expense of Allied prerogatives. Senat Director Mueller reiterated that he is authorized only to discuss Easter visits. The meeting broke off after four hours without setting a date for further talks. Senat officials now plan to negotiate passes for the Pentecost season at the end of May.

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YUGOSLAVIA-ITALY: Not even the bombing of the Yugoslav Consulate in Milan could detract from the exceptionally warm atmosphere surrounding Yugoslav President Tito on his 25-29 March visit to Italy. Coming less than four months after Foreign Minister Moro's unfortunate reference to Italy's "legitimate rights" along their mutual border, which caused Tito to cancel his planned December visit, the trip put relations squarely back on a friendly track. Tito took

advantage of an opportunity for talks on the Middle East with Egyptian Foreign Minister Riad (also on an official visit to Italy) and wound up his last day, in tails and top hat, by paying an official call on Pope Paul VI. Tito was back in Belgrade late Monday (and absent from the Soviet Party Congress Tuesday). He will continue his round of talks with Western leaders later this month when French Premier Chaban-Delmas visits Yugoslavia.

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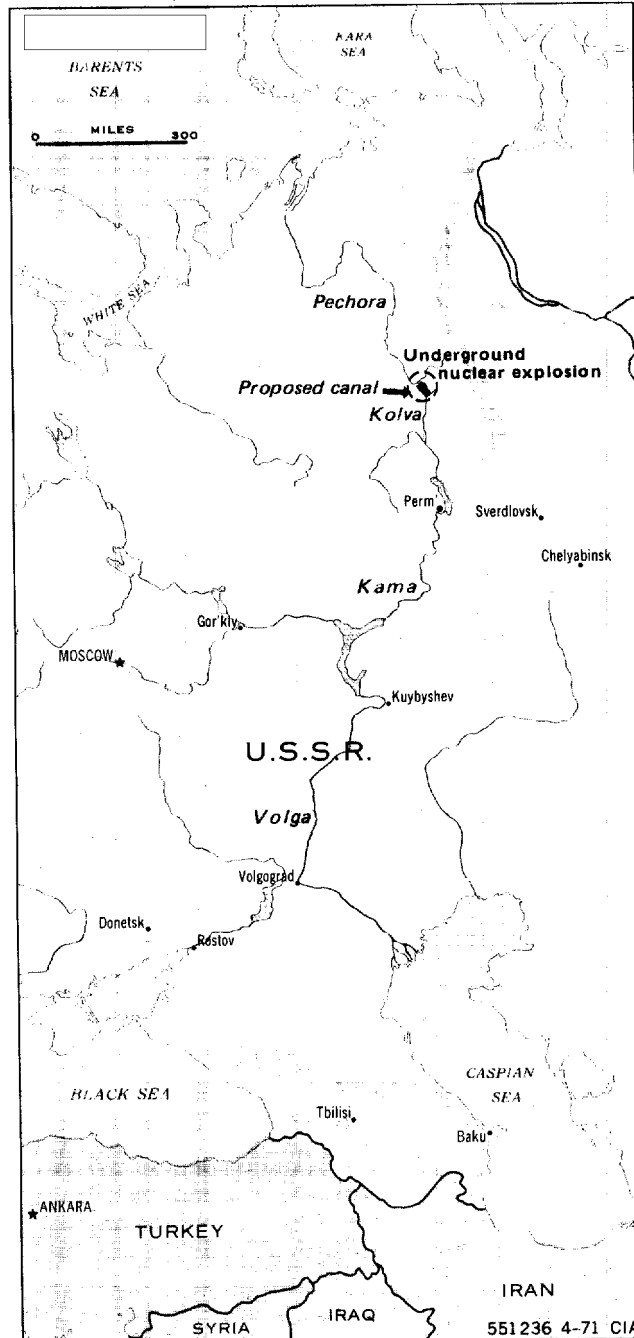
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The Soviets recently detonated the first underground nuclear device to be used on the projected canal to connect the Pechora and Kama rivers. Rather than signaling the commencement of this massive project, however, the explosion is probably part of the feasibility tests.

The canal is to divert part of the water of the northward flowing Pechora River into the southward flowing Kolva-Kama-Volga river network, and ultimately into the Caspian Sea. The much-needed water, which would be provided to the arid south, could be used to expand irrigation of the Volga regions, fill increasing industrial and urban requirements, and create additional hydroelectric power. It also could reduce water loss from the Caspian Sea, the depth of which has fallen 8.2 feet in the last 35 years. This project will be the most significant action yet taken toward fulfilling the Soviet dream of reversing the flow of many of the USSR's northward flowing rivers.

The explosion, with a low-intermediate yield, was probably undertaken to test the stability of the banks of the canal. If successful, the Soviets plan a series of nuclear explosions involving 250 devices, totaling 36 megatons in yield, along the northern segment of the canal. The use of nuclear explosives would greatly reduce the need for large earth moving equipment, which is in short supply, and would cut costs by approximately two thirds. If the Soviets proceed with nuclear explosions on this scale for the canal project it will lead to problems under the Limited Test Ban Treaty, which bans explosions causing radioactive debris to cross national borders. It is probable that Soviet efforts during the past two years to seek an understanding with the US on permissible peaceful nuclear explosions are related to this canal project.



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Geneva Talks Feature Soviet BW Proposal

The USSR surprised the 25-nation Geneva disarmament conference early this week by offering a draft convention to ban biological weapons (BW), thereby abandoning its previous insistence on a treaty that would control chemical weapons (CW) as well. The Soviet volte-face appears to open the way for an early agreement on a BW convention. It should also put the superpowers in a better light with the other conferees, who have seemed increasingly impatient with the apparent lack of movement in the strategic arms limitation talks (SALT) in Vienna and with the long-standing deadlock on a comprehensive ban on nuclear testing (CTB).

The Soviet BW text is quite similar to that of a UK draft convention the US has favored since 1969, the same year the Soviets introduced their proposed all-inclusive ban on CBW. Although Moscow has dropped occasional hints that it could eventually agree to a BW-only formulation, most observers had expected the Soviets to adhere to their own proposal as long as there was propaganda mileage to be gained from US use of tear gas and herbicides in Vietnam. Moscow's switch, coinciding with the opening of the Soviet Party Congress, was probably intended to underscore Brezhnev's strong new verbal commitment to pursue international disarmament.

The references in the Soviet draft to a CW ban—providing that parties conduct "good faith" negotiations on curbing such weapons—are in keeping with US statements of policy. Less palatable is a reference to the 1969 resolution of the

UN General Assembly—approved by an 80-3 vote—that interprets the Geneva Protocol of 1925 to outlaw the use of tear gas and herbicides in war. It is not yet clear how strongly the Soviets will stick to this point, which has also become a thorny issue in the Senate hearings on US ratification of the protocol.

In addition to criticizing the slow pace of SALT, many delegates at the Geneva talks have deplored the possibility of an agreement that would set quantitative limits on the superpowers' missile stockpiles but not restrict qualitative improvements in strategic delivery systems. The nonaligned representatives have been especially vociferous on this point, referring often to the obligation of the nuclear powers under Article 6 of the Nonproliferation Treaty to seek an end to the nuclear arms race.

Several delegations consequently have given considerable attention to a CTB, stalemated for years by Soviet opposition to US insistence on on-site inspection. Canada has been a pacesetter this year in trying to find some way to broaden the testing ban, a reflection of Ottawa's concern over US underground testing on Amchitka Island in the Aleutians. With the continuing impasse over CTB verification, the conferees are increasingly inclined to discuss as an interim measure a threshold test ban prohibiting detonations above an agreed level on the Richter seismic magnitude scale. A breakthrough in this area, however, is not in sight.

Common Market Launches New Farm Program

At an EC Council meeting last week—the longest in Community history, and during which tens of thousands of European farmers demonstrated tumultuously—the Six set the prices for the 1971-72 agricultural year and inaugurated a Community program to accelerate movement off

the land, improve the lot of the remaining farmers, and increase agricultural efficiency.

The modernization aspects of the reform program fall short of Commissioner Mansholt's proposals, but his satisfaction that at least a start

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has been made toward recasting the EC's costly support system seems justified. The farmers themselves are unlikely to be mollified by the price hikes, which, averaging about four percent, will not make up for cost-of-living increases nor give them parity with industrial wages. Bonn, in particular, may have difficulties selling the EC decisions to the German farmer. The "minimal" price rises authorized are, however, a victory for Mansholt, who had counted on the differences among the member states to cancel each other out in favor of his compromises. The beef price increases should lead to more production of this deficit commodity of the Community.

Italian tenacity, largely, enabled the Commission to maintain a link between its price and

reform proposals. It may be difficult for Italy to come up with acceptable implementation measures for structural reform, but it will be a major financial beneficiary if it does. The Community will pay a higher percentage of the costs in "poor" areas—such as southern Italy—than in more developed regions. How France's and Germany's existing, expensive reform programs will tie in to the Community program remains unclear.

The Council agreement stressed that rapid progress toward economic and monetary union, together with Common Market regional and social policies, would also indirectly benefit reform in the agricultural sector. [REDACTED]

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Finland: *New Government Installed*

A four-party, center-left coalition excluding the Communists was formed under the leadership of Prime Minister Ahti Karjalainen on 26 March.

The previous five-party, center-left coalition had resigned on 17 March after the Communists had refused to back a government price control proposal supported by the other four parties. The continued refusal of the Communists to modify their stand finally resulted in Karjalainen's decision to exclude them from negotiations to end the government crisis. This turn of events was readily accepted by leaders of the other parties in the coalition, who had also wearied of Communist obstructionism in the government.

Low-key Soviet press comment on these events suggests that Moscow is weighing its own reaction carefully. The Soviets may well have been caught off guard by the collapse of the five-party coalition and could still be trying to determine the alternatives open to them.

Even without Communist backing, the new center-left coalition enjoys a 108-92 majority position in parliament. Furthermore, the four parties in the government have long experience in working together and can be expected to use normal democratic means to resolve their differences. This is in sharp contrast to the situation existing during the previous government's term in office when extraordinary intervention by President Kekkonen was often necessary to keep the Communists in line.

Still unclear is the role the Communists envision for themselves outside the government. The past five years of cooperation between the Communist and democratic parties have worked mainly to the advantage of the latter. Finnish Communist leaders may now have concluded that the only way to check the steady erosion in their political position will be to draw closer to the more extreme positions of the Stalinist dissidents within the party. [REDACTED]

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International Financial Situation

The absorption of US dollars by foreign central banks continues at a fast pace. The West German Bundesbank in the last three months has increased its dollar reserves by more than \$2 billion, while the dollar holdings of the Bank of England have expanded by nearly as much.

The outflow of US short-term capital has been heavy since early 1970 when declining US interest rates produced wide disparities vis-a-vis the higher rates in other industrial countries. European bankers, particularly, are seriously disturbed because the burgeoning of dollar reserves impedes their efforts to combat inflation at home.

Nevertheless, some European interest rates have begun to soften. Effective 1 April, the Bundesbank reduced its discount rate by one full point to five percent, which should restrict the

heavy inflow of dollars. To limit the impact on the West German money supply, the Bundesbank also reduced the amount of money commercial banks can borrow at the lower rate. Immediately following suit, the Bank of England lowered its bank rate by a point, although at six percent it remains higher than the German rate and will continue to attract dollars from abroad, which are used to pay off the UK's international indebtedness. The British Government hopes tight money will put pressure on British business to resist escalating wage demands that have been the main inflationary force there.

A few of the smaller industrial nations—Belgium, Netherlands and Switzerland—have been exchanging excess dollars for gold or International Monetary Fund Special Drawing Rights. The dollar holdings of these countries are relatively small, however; only large conversions of dollars by countries such as West Germany or France could put serious pressure on US gold reserves.

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MARITIME ISSUES: Some proposals that may create serious problems for the US were offered recently at the initial UN preparatory meeting for the 1973 Law of the Sea conference. The conference will consider rights of passage through international straits, regulations to govern peaceful exploitation of the resources of the ocean floor, and territorial waters claims. Most troublesome was Spain's interest in having the 1973 conference decide whether the passage through international straits of nuclear-powered vessels and those carrying "dangerous cargoes" should be termed "non-innocent" and thereby restricted. Madrid

probably hopes to upgrade its influence on NATO-related activities by this initiative, assuming concessions will be offered in order to keep the subject off the 1973 agenda. Moscow has not taken a stand on the Spanish ploy, but is believed to share the US concern that passage rights not be infringed in such a manner. Latin American states with 200-mile claims to territorial waters gained several converts to their views that the major powers' fishing activity off the less developed countries should be curbed by means of broad "exclusive zones."

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MIDDLE EAST - AFRICA

Pakistan: *The Situation Remains Uncertain*

Acting suddenly and methodically, the Pakistan Army seized control of Dacca late on the night of 25-26 March. Fighting continued throughout the night and casualties, particularly among civilians, are believed to have been heavy. Fighting also broke out in the port city of Chittagong and continued for several days, but the army, apparently aided by naval gunfire and air force bombing, now appears to have effectively quashed resistance there.

of talks with Mujib, Yahya was merely stalling for time to allow more troops to enter East Pakistan.

Yahya, probably on 24 March, gave the military the order to proceed with a crackdown, and left for Karachi the following day.

There are only fragmentary and conflicting reports about conditions in the rest of East Pakistan, caused in large part by a breakdown in communications and the subsequent isolation of Dacca. A clandestine East Pakistani radio, monitored in India, has reported that Bengali forces are in control of several major cities. Although many of these claims are patently false, it appears that the Pakistan Army has met heavy resistance in many parts of the province. The army has continued to fly in reinforcements from West Pakistan, and there have been air strikes in some areas other than Chittagong.

In a speech to the nation on 26 March, Yahya said military intervention was necessary to preserve national unity, referring pointedly to Mujib's demand that martial law be withdrawn as an interim government took over. He accused Mujib of treason, outlawed Mujib's Awami League, banned all political activity in Pakistan, and imposed press censorship over the nation. This censorship, plus the evacuation at gunpoint of all foreign newsmen from East Pakistan on 27 March, has contributed to the confusion in the outside world over the situation in the East.

The clandestine East Pakistani radio began broadcasting at approximately the same time as Yahya addressed the nation. This radio claimed that Mujib had declared independence for the "People's Republic of Bangla Desh" (Bengali Nation) and on 28 March reported that a provisional government had been formed, headed by a Major Zia Khan, presumably a pseudonym. The radio, which may have operated from Chittagong, has not been heard in Calcutta since 30 March.

The Talkathon Ends

It is not yet clear what touched off the army's action. As late as 24 March it had seemed that President Yahya Khan and East Pakistani leader Mujibur Rahman were close to reaching a compromise formula for solving the constitutional crisis over demands for East Pakistani autonomy. It is possible that during the ten days

The Army Cracks Down

Although the Bengali radio continually insisted that Mujib was still at liberty, there is

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considerable evidence that he was arrested at his residence shortly after the army began its operations. [REDACTED]

It has become apparent that the Pakistan Army, at least in Dacca, has engaged in a brutal and systematic effort to eliminate quickly and completely all resistance in East Pakistan. Leaders of the Awami League, university professors, students at Dacca University, and members of the Hindu minority community in Dacca have been special targets. [REDACTED]

Although the operations must have been planned at a high level, the attack on the Bengalis may have gotten out of hand as West Pakistani troops vented their frustrations, which have mounted in recent weeks as the East Pakistanis have taunted them, burned the national flag, and openly boasted of their preparations for insurrection.

The military apparently hopes that a ruthless show of force will subdue the Bengalis. At present, the army probably has enough strength to control the major cities of East Pakistan, and

the airlift-sealift capability to supply these troops. The final outcome probably will be decided in the countryside, however, where 90 percent of the population lives. The riverine character of the terrain and the dearth of communication and transportation facilities favor a guerrilla-style war in East Pakistan. If the Bengalis can acquire weapons, they may eventually be able to overcome the West Pakistanis, who will face logistical problems in conducting a sustained military effort in East Pakistan—particularly during the monsoons, which begin in a few weeks.

Indian Reaction

Indian reaction to the crisis has been heavily sympathetic to the East Pakistanis. On 31 March, both houses of Parliament unanimously passed a resolution expressing solidarity with the Bengalis and demanding an immediate end to the use of force to massacre the "defenseless people" in East Pakistan. Efforts by India's UN delegation to obtain some sort of international response to the civil war, however, have met with negative reactions, and the Pakistani Government has objected strongly to what it claims is interference in Pakistan's internal affairs. [REDACTED]

ICJ - SOUTH AFRICA: Both sides have completed their presentations before the International Court of Justice (ICJ) on the UN complaint over Pretoria's hold on South-West Africa in defiance of numerous UN resolutions. South Africa firmly denied any UN jurisdiction over the territory, but

did offer to permit a plebiscite to be jointly supervised by Pretoria and the ICJ. The court is likely to draft an opinion supporting the UN's contentions, but South Africa is certain not to relinquish its control over the territory and may renew charges that the ICJ lacks objectivity. [REDACTED]

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Arab-Israeli Diplomatic Standoff Continues

Egypt this week continued its efforts to enlist foreign support for its stand on resolving the conflict with Israel.

Foreign Minister Riad met in Paris with Egypt's ambassadors to Western Europe, and during the week also held discussions with Italian and French officials. Press reports allege that he instructed his ambassadors to urge West European countries to put pressure on Israel, which Egypt claims is responsible for paralyzing the Jarring mission. Riad's tour is to continue at least until 9 April, with visits to Athens and Tehran. After a stop in Cairo, he may then go on to other world capitals, including possibly Moscow.

Riad also met with UN mediator Jarring, who had left New York last week to spend the Easter holidays with his family in Moscow, where he is Sweden's ambassador. Jarring returned to Paris for the one-day visit, which generated considerable interest in the international community but has so far failed to produce any new peace proposals. UN spokesmen announced earlier that Jarring will return to New York in the latter half of April, but noted that the mediator would return earlier on short notice if developments should warrant. The statement did not support the Egyptian claim that a precondition for Jarring's return is a positive Israeli reply to his February memorandum.

In Egypt, media continued to play up the various civil defense measures being implemented throughout the country. President Sadat, during a weekend visit to the Sudan, warned of the critical nature of the current situation and stated that "the coming days will be decisive." He termed it "painfully surprising" to see the US being exposed to Israeli pressures rather than the reverse.

In Israel, meanwhile, the press focused on Secretary Rogers' briefing of the US Senate on 25 March. Some reports interpreted the secretary's briefing as a signal of a "temporary halt" in US

efforts to promote the Rogers plan. Other papers noted that even pro-Israeli members of the Senate had emerged from the briefing expressing sympathetic understanding of the administration's Near East policy. One independent Tel Aviv daily stated that although some "high-placed elements" believe that US-Israeli relations require advance discussion on what constitutes secure borders, no decision on this question would be made before Foreign Minister Eban's return to Israel, which was scheduled for the latter part of this week.

The semiofficial Tel Aviv daily *Davar* reported on 30 March that Israel would shortly present its suggestions on the opening of the Suez Canal. The Israeli plan allegedly will call for freedom of navigation for Israel and will stipulate that any agreement on the canal is not an interim step toward additional withdrawals; Israeli forces would withdraw only a few kilometers and Egyptian forces would not cross the canal. Another paper quotes a government source as saying that an interim agreement with Egypt on the canal might be followed by an interim agreement with Jordan, which would cover such subjects as the status of Muslim holy places in Jerusalem, Jordanian access to the port of Gaza, and refugees living on the West Bank.

Davar subsequently reported that the inclination in Jerusalem was to establish contacts on opening the canal through the US rather than through Ambassador Jarring, because of the "growing fear" of Jarring since his surprise demand, without prior consultation with Israel, for total Israeli withdrawal from Sinai. Moreover, according to the paper, there is an increasing inclination to establish direct contacts with the US on the majority of unresolved questions, because it has become clear to the Israelis that the US does not reject the idea of opening the canal in the framework of a partial agreement.

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Jordan: *Clashes with Fedayeen Renewed*

Amman's moves to counter an arms build-up of several weeks by the fedayeen in northern Jordan has rekindled sporadic fighting between the guerrillas and government forces.

Premier Wasfi Tal, in a televised address to Parliament, noted that the security problem in the Jordanian capital would be dealt with "in as friendly a manner as possible."

When fighting first broke out, a Fatah clandestine radio station filled the airwaves with dramatic accounts of the army's activities in and around Irbid. By contrast, other Arab radio-broadcasts and news agency dispatches from neighboring capitals were low keyed in their reporting, drawing heavily on Jordanian Government communiqués. As the fighting continued to drag on, however, Syria called for the re-creation of a multinational Arab peace-keeping force to police a cease-fire, and Egypt began to describe the fighting as "the extermination of the Palestinian people." Cairo further showed its displeasure over the course of events by allowing the Voice of Fatah, which had been forced off the air last July, to begin broadcasting again from the Egyptian capital.

Fighting also occurred in Amman, where the guerrillas, apparently in reaction to the events in the north, attacked security forces in various parts of the capital. Isolated outbreaks of firing continued in other parts of the country in the early part of the week.

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Recent Soviet Activity in the Indian Ocean

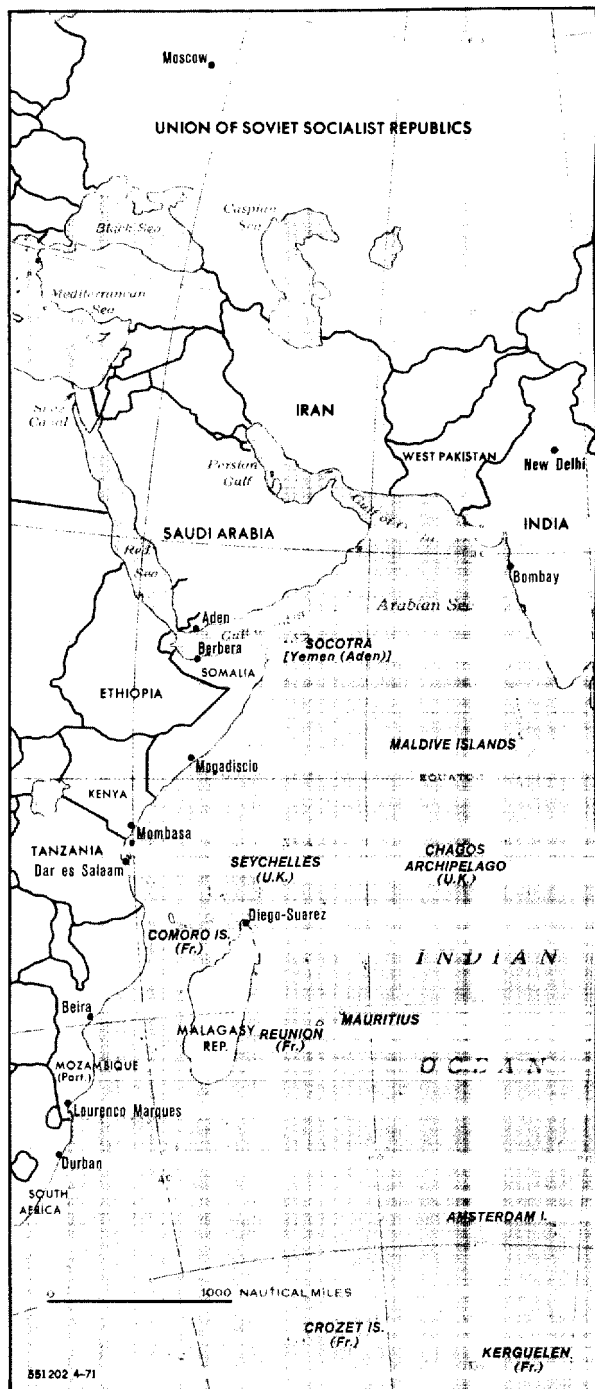
The Soviets appear to be sending out feelers to several countries in and around the Indian Ocean for additional use of repair and bunkering facilities. Soviet commercial ships make regular calls at many of the harbors but naval units to date have made little use of these facilities.

Soviet warships from the Mediterranean first showed the flag in the Indian Ocean area in 1965

when a destroyer visited Ethiopia for Naval Day celebrations. Since 1968, Soviet warships have maintained a small but nearly continuous presence in the Indian Ocean in order to gain operational experience in tropical waters as well as to maintain a military presence there. In 1968, a group of five ships coming from Vladivostok visited eight countries in the Indian Ocean before returning to the Pacific nearly four months later. Since then, the Soviets have maintained a small

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but active force of surface ships which—though not of great military significance—gives Moscow a presence in a part of the world where the Soviet Navy has not traditionally been active.

The Soviet warships frequently call at Mogadiscio and Berbera in Somalia, but there apparently is no formal agreement permitting the ships to use these facilities on a regular basis. Soviet tankers supporting naval units in the Indian Ocean take on fuel in Aden, but the naval units seldom visit there.

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There are currently four Soviet warships, including a cruiser and an amphibious landing ship, plus four support ships operating in the Indian Ocean. The warships spend most of their time in the western part of the Indian Ocean—primarily off the Mauritius Islands and Socotra. Most of the naval units are drawn from the Pacific Fleet, but new naval units built in the western part of the USSR frequently are transferred to Pacific bases via the Indian Ocean.

In addition to this naval activity, the Soviets have sought the use of several Indian Ocean ports in order to service merchant and fishing ships operating in the area. Mauritius has agreed to allow Russian fishing trawlers to refuel and change crews in Port Louis. Moscow also has an agreement with Pakistan to develop its fishing industry and is seeking similar arrangements with India and Ceylon. The Soviets are negotiating with Singapore on the use of the large ship repair facilities there. Although Soviet merchant ships may use these facilities on a commercial basis, Moscow's concern for security makes it unlikely that Soviet naval units will make regular use of them.

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India-USSR: *Aid and Trade Relations Shifting*

Since the mid-1960s India has been downgrading large-scale industrial development in the public sector in its economic priorities. This has weakened the role of Soviet aid projects, which are designed to foster this aspect of economic growth. Moreover, Moscow's aid program has proven to be inflexible and unresponsive to the changed circumstances in India, as illustrated by the Soviets' failure to reallocate existing credits to uses now desired by the Indians.

These developments notwithstanding, the USSR is still interested in maintaining close ties with India. In fact, a Soviet economic mission is in New Delhi discussing greater economic cooperation. Furthermore, Soviet military assistance is becoming more important as a source of influence, especially in view of New Delhi's only moderately successful efforts to develop its own arms industry.

Soviet economic aid deliveries, which averaged more than \$100 million annually during 1963-65, are expected to drop to about half that amount in the next few years.

Projecting these trends into the early 1970s indicates that India will probably experience a net outflow of resources, a reversal of the substantial inflow that took place during the heyday of the Soviet aid program.

Underlying these developments is the retrenchment that took place in India's economy during the second half of the 1960s. Although crop failures in 1965-66 were followed by better years for both agriculture and industry, Indian planners nevertheless have reduced investment programs, with the largest cuts affecting heavy

industrial projects—the area of concentration for Soviet aid. For its part, Moscow has not revised its aid to be in line with Indian requirements for specialized industrial plants, raw materials, and spare parts.

Because of the relative standstill in economic aid, Soviet sales to India are expected to grow by only 30 percent during the 1971-75 period. In contrast, the continuing increase in repayments on economic aid will help to double Indian exports to the USSR over that period. Moscow is willing to ease the burden of repayment by accepting a growing share of manufactures and other finished products, which New Delhi has difficulty in selling elsewhere.

Recent deliveries of Soviet naval equipment to India emphasize New Delhi's continuing

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dependence on the USSR as a source of advanced military equipment. Moscow presently is completing delivery of eight OSA-class missile patrol boats, and it probably will supply additional submarines. Problems with a domestically designed aircraft have led New Delhi to undertake the

production of Soviet MIG-21 jet interceptors. India also continues to import Soviet SU-7 fighter-bombers. Although India hopes to replace these Soviet aircraft with jet fighters of its own design beginning in the late 1970s, this schedule is unlikely to be met.

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Turkey: *New Cabinet Formed*

The formation of a cabinet acceptable to both military and civilian leaders moves Turkey another important step toward a more normal political situation. A vote of confidence on the new government and its program appears to be assured, probably within the week.

Olcaý, the new foreign minister, is a career diplomat highly regarded by his peers and associates. The defense minister, although a compromise candidate, is also highly respected and appears to be dedicated to Turkey's continued association with both NATO and the Common Market.

The real test of the military-imposed coalition government probably will not come for several weeks when the first really controversial issue—such as a revised electoral law, land reform legislation, or new tax measures—is introduced in Parliament. The support of the dominant Justice Party will be essential to the continued viability of the government.

Most of the other ministers are regarded as highly qualified technicians and administrators with long experience in the fields they represent. Several, including the deputy prime minister for administration and political affairs, are former military officers probably viewed as watchdogs for the high command. Most of the members are reputed to be well disposed toward the US and NATO; at least one has been hawkish on the Cyprus issue. The minister of health, a professor on the Medical Faculty at Ankara University, is the first woman in Turkish history to hold a cabinet post.

Although the military high command has drawn back into the wings, at least for the moment, it is maintaining close surveillance over the affairs of state. The government of Prime Minister Nihat Erim will continue to function under the shadow of the bayonet for the indefinite future.

Nevertheless, the 25-member cabinet, which received presidential and, presumably, military approval following some initial recasting, includes several highly qualified individuals. Erim himself, the personification of the elitist aristocrat looked up to by many Turks, appears to be professionally and philosophically well-suited for the task ahead. The deputy prime minister for economic affairs, Atilla Karaosmanoglu, is Harvard educated and an outstanding economic planner. Osman

Following a period of uncertainty, most Turks appear to be content to wait and see what the new government can and will do. There is little optimism that there will be many changes or significant reforms, but, as signs of the times, Turkish teahouses now serve "reformed tea" and travelers ride in "reformed taxis."

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Sierra Leone: *Prime Minister Stevens Prevails*

Prime Minister Siaka Stevens apparently has prevailed over army dissidents who were urging his ouster even after the failure of the inept coup attempt on 23 March by the army chief. Bolstered by the arrival of more Guinean soldiers and by the apparent loyalty of at least part of his army, Stevens is moving to solidify his still shaky position. A period of repression and authoritarian rule seems likely.

Stevens acted boldly late last week as the factionalized army debated whether to allow his civilian regime to continue. During a quick, unpublicized visit to Conakry, he signed a mutual defense pact with his political ally, Guinean President Toure. Two days later—on 28 March—an estimated 100-150 Guinean troops arrived in Freetown. Stevens announced the pact to his people and urged their cooperation in a radio-broadcast delivered as the troops were arriving.

They joined a contingent of 40 other Guinean soldiers whose clandestine arrival a week earlier had triggered the army chief's coup attempt. Although resentment over the presence of Guinean troops almost certainly remains high within the Sierra Leone Army, there have been no further moves to challenge the prime minister. The new army commander, a fellow tribesman and long-time supporter of Stevens, claims that the military forces of the two countries are working together amicably.

Urged on by extremist advisers, Stevens has begun a roundup of opponents, jailing 13 persons under emergency powers granted by Parliament during a political crisis last October. He also announced a popular militia would be formed. He may now be prepared to use illegal means to pursue his goal of installing himself as the country's first president, using the current crisis as an excuse to ride roughshod over objectors. London's replacement this week, at Stevens' request, of the governor-general with a more malleable man may be a first step in that direction.

Preliminary evidence indicates that Stevens' crackdown will be accompanied by a noisy propaganda campaign, including trumped up charges of Western imperialism and involvement in the recent difficulties. The official press has already implied a US role, and statements by Stevens at an emergency session of Parliament last Wednesday strengthened this impression, although they fell short of a direct accusation. Guinean President Toure also has attributed Sierra Leone's current problems to unnamed "foreign embassies" and to "military men in the pay of imperialism."

While the Guinean presence bolsters Stevens' immediate position, it also clearly exposes how extensively his political survival depends on force. Over the long run, the Guineans are likely to prove a continuing irritant that may provoke further violence. Stevens still lacks a dependable military force of his own, and the situation remains highly unstable.

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MALI: Two captains on the ruling Military Committee of National Liberation (MCNL), including its number-two man, Yoro Diakite, were quietly arrested late last week for coup plotting. This marks the first open break in the unity of Mali's leaders since the army took power in late 1968, although Diakite's differences with MCNL chief Moussa Traore have long been public knowledge.

Both captains were disgruntled because of their lack of influence and the domination of the MCNL by lieutenants. The rank-conscious Diakite, particularly, believed he was being excluded, and chafed at serving under Traore, a lieutenant. The arrests are not expected to produce a serious challenge to Traore, either from the military or from other MCNL members.

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WESTERN HEMISPHERE

ECUADOR: Defense Minister Acosta's continued efforts to solidify his political position have split the military and eroded some of the government's armed forces support. Acosta attempted on 26 March to remove the commandant of the war college, General Jacome, who in turn demanded that Acosta and the commanding general of the army resign. Jacome's stand was supported by several significant army units, although the majority of military commands did not declare themselves. Both Jacome and Acosta professed loyalty to President Velasco and after negotiations be-

tween the two sides Jacome surrendered to the army commanding general. Acosta has an unsavory reputation but has been consistently backed by his uncle, President Velasco, whose own support is tenuous. The military has backed the President, in large part for want of a better alternative—a military junta was forced from power in 1966, and Velasco himself did away with constitutional rule midway through his presidential term last year. Popular reaction to the dictatorial regime has been one of indifference. [REDACTED]

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Cruz Wins Honduran Presidency

Nationalist Party candidate Ramon Ernesto Cruz was elected president last Sunday in the first essentially free elections in 14 years. Cruz, a 68-year-old lawyer, will begin a six-year term in June, inaugurating a government of national unity. Popular excitement about the results was eclipsed by a heady feeling of pride that Hon-



Ramon Ernesto Cruz

duras had demonstrated its political maturity to the world. The vote apparently destroyed the myth that the Liberals were the majority party and would win if free elections were held. Unofficial returns indicate that the Nationalist Party gained more than 52 percent of the vote and demonstrated strength in most areas of the country. The superior organization and

resources of the Nationalist Party and the effectiveness of Cruz' strong defense of national sovereignty in the country's current difficulties with El Salvador and the Central American Common Market appeared to have turned the tide.

The president-elect is not expected to embark on any bold new policy initiatives and will have his hands full coping with extant domestic and foreign policy issues. Cruz will have to clarify his relationship to Ricardo Zuniga, de facto head of the Nationalist Party, and President Lopez, who may take the position of chief of the Armed Forces after leaving office. Cruz also will have to work out the basis of Liberal-Nationalist party cooperation under the unity scheme. His most important foreign policy task will be the restoration of relations with El Salvador and reintegration of the country into the Common Market. An accommodation on either issue may be long in coming, in view of his campaign's strong emphasis on national sovereignty and his insistence on first settling the border dispute with El Salvador. [REDACTED]

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Guatemalan President Forecasts Turbulence

President Arana has claimed to have uncovered a Communist plot to overthrow his government and has predicted that the next few weeks will be "very agitated, possibly tragic." Congress, dominated by government backers, has helped set the stage for a severe crackdown by urging the executive to take whatever action is necessary.

The President's announcement, replete with warnings to "those playing the Communist game," touched off a vigorous debate between Arana supporters and the opposition in the Congress. Rightist insinuations that the opposition parties are in league with the Communist terrorists may indicate that the government is aware of a leftist conspiracy—headed by former foreign minister and opposition leader Alberto Fuentes Mohr—to assassinate Arana and set up a leftist coalition government. The energy with which opposition deputies have defended themselves emphasizes their acute sensitivity to the charge that they may have supported the subversives. They are concerned that hints of their implication with Communists might gain credence and open the door to a government move against them. There is pressure within the administration to tighten the state of siege, now in its fifth month,

and to resume action against the "leftist intellectuals" sympathetic to the revolutionaries. So far the opposition has resisted efforts at intimidation and has managed to voice its unflattering views of the Arana government both at home and abroad through international Christian Democratic media.

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The security forces have dealt several serious blows to the guerrillas. Raids in the past two weeks have turned up a large number of documents detailing plans for accelerated terrorist action as well as information on organization, finances, personnel, penetrations, and proposed US and Guatemalan targets.

Even divided and damaged, insurgents are a serious problem; a working unification would present the government with a problem of formidable dimensions.

Bolivia: *Political Scandal May Prompt Military Coup*

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A burgeoning political scandal is causing increased military dissatisfaction with President Torres and is raising the possibility that the armed forces may begin serious coup plotting.

According to details originally published by a La Paz newspaper, military and civilian government officials are accused of a series of alleged political murders, the most notable victim being president Barrientos in 1969. The most prominent person publicly implicated is former president Ovando, currently ambassador to Spain. Also allegedly involved are a former aide to Ovando, two

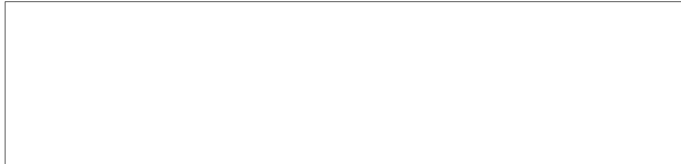
military members of Torres' previous cabinet, and military officers from previous administrations. There is no evidence that the charges are true, and no formal legal proceedings are under way. More important, however, is the fact that President Torres has not denied the charges or expressed his confidence in the military officers involved.

Torres probably believes that circulation of these stories is to his benefit. He can destroy the reputations of several military officers who might be a potential threat to his government, and he can settle a long-time personal grudge against

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Ovando. At the same time, he can gain some support from the left by removing unpopular military officers. Although Torres is a career military officer, he is not considered a strong institutionalist. He might, therefore, be willing to permit the further downgrading of the military institution to achieve personal political objectives.



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It is this new attack on the military institution, coupled with Torres' failure to act, that is strongly disturbing the armed forces, although plots presently are individual and uncoordinated.

It is unlikely that any one group alone would have enough strength to seize and maintain control of the government, and they do not seem ready yet to work together. If the current scandal continues to grow, however, it may convince military leaders that they must take direct and coordinated action against Torres before military prestige and unity suffer irreparable harm. Such a coordinated, military coup would have a good chance of success.

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Chile Approaches More Elections

In an astute appeal for votes in the municipal elections on 4 April, President Salvador Allende is telling Chileans that his administration is a unique "democratic and pluralistic" effort to build socialism and deserves their support. Accustomed to shifting their political preferences freely and impressed by Allende's energetic performance—particularly in economic measures that affect their lives directly—a majority of the voters may elect candidates from the parties of Allende's Popular Unity (UP) coalition. They have a variety from which to choose, including non-Marxist Radicals, well-organized Communists, and the President's nationalistic Socialists.

The size of the UP vote is not likely to affect the essential program of the government, but rather the pace and style with which it is carried out. There are also growing indications that Allende and his supporters hope to use a good showing in the coming election to set in motion another constitutional reform: resort to a plebiscite if the present congress should reject a proposal to transform it into a unicameral "people's assembly." That measure is one of Allende's projected efforts to make basic changes in Chilean institutions.

Opposition parties—Christian Democratic, National, and Democratic Radical—have not overcome mutual antipathies. This divided opposition may prove particularly helpful to the single coalition candidate, a Socialist, in the by-election for the seat Allende held in the Senate.

In a speech to a mass rally on 30 March, Allende again accused his opponents of plotting violence against his government despite its reliance on "legal paths." He said that the plot, including plans to fire on members of the armed forces as they carry out their extensive constitutional responsibilities on election day, would fail.

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